

CAPITALIZATION RATE STUDY

For

CENTRALLY ASSESSED PROPERTIES

As of January 1, 2004

**UTAH STATE TAX COMMISSION
PROPERTY TAX DIVISION**

CAPITALIZATION RATE STUDY

SUMMARIES

**UTAH STATE TAX COMMISSION
PROPERTY TAX DIVISION**

Utah State Tax Commission
2004 Capitalization Rate Study

01-Mar-04

CAPRATES04.XLS

Industry	Equity Yield Rate	Debt Yield Rate	Percent Debt & Pref.	Percent Common Equity	Income Tax Rate
Airlines - Major	17.52%	16.39%	55%	45%	38.92%
Airlines - Secondary	14.59%	11.25%	30%	70%	40.93%
Airlines - Freight	12.34%	6.40%	10%	90%	38.63%
Electric Utilities	10.84%	6.69%	50%	50%	34.02%
Natural Gas Utilities	10.81%	6.40%	40%	60%	34.45%
Natural Gas Pipelines	10.70%	6.46%	30%	70%	38.56%
Liquid Pipelines	10.25%	6.79%	30%	70%	38.50%
Railroads	12.23%	6.97%	35%	65%	36.27%
Telecommunications I	12.27%	6.40%	30%	70%	35.51%
Telecommunications II	16.84%	13.53%	60%	40%	38.50%
Wireless Communications	15.24%	9.79%	35%	65%	38.83%

BONDS AND PREFERRED STOCKS

Yield Rates

January 1, 2004

<u>Public Utility Bonds</u>		<u>Rates</u>
<u>Mergent Bond Record</u>		
Aaa		N/A
Aa		6.18%
A		6.27%
Baa		6.61%
 <u>Corporate Bonds</u>		
<u>Mergent Bond Record</u>		
Aaa		5.65%
Aa		6.02%
A		6.19%
Baa		6.60%
Ba1		7.33%
Ba2		8.20%
Ba3		8.45%
B1		8.75%
B2		9.80%
B3		11.25%
Caa1		12.30%
Caa2		16.15%
Caa3	Combined with Caa2	
Ca		19.75%
C		24.00%
 <u>Preferred Stocks</u>		
<u>Mergent Bond Record</u>		
aa		6.62%
a		6.70%
baa		7.28%

INFLATION FACTORS FOR 2004 ASSESSMENT YEAR

<u>Year</u>	<u>GDP Implicit Price Deflator (2000 = 100)</u>	<u>Annual Percentage Change</u>	<u>Conversion Index</u>
1980	54.044	----	1.955
1981	59.121	9.39%	1.787
1982	62.726	6.10%	1.684
1983	65.193	3.93%	1.620
1984	67.647	3.76%	1.562
1985	69.708	3.05%	1.515
1986	71.247	2.21%	1.483
1987	73.188	2.72%	1.443
1988	75.685	3.41%	1.396
1989	78.552	3.79%	1.345
1990	81.591	3.87%	1.295
1991	84.440	3.49%	1.251
1992	86.380	2.30%	1.223
1993	88.376	2.31%	1.195
1994	90.254	2.13%	1.170
1995	91.103	0.94%	1.160
1996	93.847	3.01%	1.126
1997	95.410	1.67%	1.107
1998	96.468	1.11%	1.095
1999	97.862	1.45%	1.079
2000	100.000	2.18%	1.056
2001	102.373	2.37%	1.032
2002	103.942	1.53%	1.016
2003	105.638	1.63%	1.000
1980 - 2003 Average Change			2.96%
1993 - 2003 Average Change			1.80%

Source: www.economagic.com
as of February 4, 2004

Miscellaneous Appraisal Facts, Factors, and Rates

2004 Assessment

Rural Telephone adjusted Equity Rates:

Based upon Commission Decision issued Oct. 10, 2000

Adjustment to equity yield rate **4.00%**

Depreciation Rate for the Income Indicator on Leased Aircraft:

(Based upon an approximate 18 year economic life and no salvage value)

Airline "TEFRA" relief factor **6.56%**

4-R Act Relief for Railroads **11.90%**

for Burlington Northern only the deduction is 6.57 percent.

Value Line Gross Domestic Product Price Deflator Forecast **2.20%**

Income Tax Rate **38.50%**

If you need one, use this. It approximates an average marginal rate.

Deferred Income Taxes will be subtracted in the Cost Approach

for rate base regulated companies. This is based upon the Commission's rule R884-24P-62 (utility appraisal rule). If the company is not a rate base regulated company, then there is no adjustment.

Formula used in Division's Risk Premium Model

$$\text{Risk factor} = (.25549 + .01766 * \text{FS} - .10090 * \text{FS}^{(0.5)}) / .11681$$

Where FS is the numerical value of the industry average Value Line Financial Strength rating. The .11681 figure is the weighted average forecast return for all companies. The remaining part of the formula is a regression equation estimating forecast total return by financial strength rating.

Alternative Risk Premium Model

An overall market rate is determined as in the CAPM except that the market risk premium is based upon an average of the most recent 50-year historical Ibbotson data. The overall market return is adjusted based on the difference between the market average debt rate (Baa bonds) and the industry average debt rate.

CAPITALIZATION RATE STUDY

YIELD RATES

**UTAH STATE TAX COMMISSION
PROPERTY TAX DIVISION**

MAJOR AIRLINES

File: AIRMAJOR.XLS

01-Mar-04

Discount or "Cost of Capital" Rates For Discounting and "Yield Capitalization" Only

FOR: January 1, 2004

Company Name	Bond Rating	Bond Rate	Fin'l Strgth	Beta	Price	Proj. Earnings Growth	Proj. Dividend Growth	Current Div	D.G.M. Rate
AMR Corp.	Ca	19.75%	C	2.25	12.98				
Cont'l Airlines	Caa2	16.15%	C+	2.10	16.74				
Delta Air Lines	Caa2	14.00%	B	1.75	12.13				
Northwest Airlines 'A'	Caa1	12.30%	C+	1.75	12.71				
Southwest Airlines	Baa1		B+	1.10	15.29	16.00	10.50	0.02	9.64%
UAL Corp.	Ca	19.75%		1.40	1.56	1.00			
Mean	Caa2	16.39%	C+	1.73		8.50	10.50		9.64%
Industry Growth Rate (used for DGM Rate)					9.50%				

CAPITAL ASSET PRICING MODEL (Realized Returns)

Market Risk Premium	7.19%
Industry Beta (Risk Factor)	<u>1.73</u>
Industry Risk Premium	12.40%
Add: Risk-Free Rate	<u>5.11%</u>
Cost of Equity Rate - CAPM	<u><u>17.51%</u></u>

INDUSTRY RISK PREMIUM MODELS

Using Financial Strength and Bond Rates

	ValueLine Financial Strength	Industry to Market Bond Rates
Market Risk Premium	<u>7.19%</u>	<u>6.47%</u>
Add: Risk-Free Rate	5.11%	5.11%
Overall Market Rate	<u>12.30%</u>	<u>11.58%</u>
Industry Average Financial Strength C+	2.33	
Market Average Bond Rate Baa		6.60%
Industry Risk Factor (See Page 4 for calculation formula)	<u>1.221</u>	<u>9.79%</u>
Cost of Equity Rate - Risk Premium	<u><u>15.01%</u></u>	<u><u>21.37%</u></u>

SECONDARY AIRLINES

File: AIREGION.XLS

01-Mar-04

Discount or "Cost of Capital" Rates For Discounting and "Yield Capitalization" Only

FOR: January 1, 2004

Company Name	Bond Rating	Bond Rate	Fin'l Strgth	Beta	Price	Proj. Earnings Growth	Proj. Dividend Growth	Current Div	D.G.M. Rate
Alaska Air Group			C++	1.30	27.60				
America West Hldg	Caa3	16.15%	C	1.50	12.44	6.50			
Atlantic Coast Airlines			B	1.30	9.19	14.25			
Mesa Air Group			C++	1.75	10.45	24.00			
Mesaba Holdings			B+	0.80	8.28				
Midwest Air Group			C+	1.10	4.30				
SkyWest			B	1.40	17.10	17.00			
Mean	Est.	11.25%	C++	1.31		15.44			NMF
Industry Growth Rate (used for DGM Rate)					15.44%				

CAPITAL ASSET PRICING MODEL (Realized Returns)

Market Risk Premium	7.19%
Industry Beta (Risk Factor)	<u>1.31</u>
Industry Risk Premium	9.40%
Add: Risk-Free Rate	<u>5.11%</u>
Cost of Equity Rate - CAPM	<u><u>14.51%</u></u>

INDUSTRY RISK PREMIUM MODELS

Using Financial Strength and Bond Rates

	ValueLine Financial Strength	Industry to Market Bond Rates
Market Risk Premium	7.19%	6.47%
Add: Risk-Free Rate	<u>5.11%</u>	<u>5.11%</u>
Overall Market Rate	12.30%	11.58%
Industry Average Financial Strength C++	3.14	
Market Average Bond Rate Baa		6.60%
Industry Risk Factor (See Page 4 for calculation formula)	<u>1.131</u>	<u>4.65%</u>
Cost of Equity Rate - Risk Premium	<u><u>13.91%</u></u>	<u><u>16.23%</u></u>

AIR FREIGHT

File: AIRFREGT.XLS

01-Mar-04

Discount or "Cost of Capital" Rates For Discounting and "Yield Capitalization" Only

FOR: January 1, 2004

Company Name	Bond Rating	Bond Rate	Fin'l Strgth	Beta	Price	Proj. Earnings Growth	Proj. Dividend Growth	Current Div	D.G.M. Rate
AirNet Systems Inc				0.80	4.30	10.00			
AirTran Hldgs Inc			B	1.30	12.69				
FedEx Corp.	Baa2	6.61%	B++	1.15	68.88			0.24	8.88%
United Parcel Serv.	Aaa	6.18%	A+	0.80	71.82	9.00	7.50	1.00	10.01%
Mean	Baa	6.40%	B+	1.01		9.50	7.50		9.45%
Industry Growth Rate (used for DGM Rate)					8.50%				

CAPITAL ASSET PRICING MODEL (Realized Returns)

Market Risk Premium	7.19%
Industry Beta (Risk Factor)	<u>1.01</u>
Industry Risk Premium	7.28%
Add: Risk-Free Rate	<u>5.11%</u>
Cost of Equity Rate - CAPM	<u><u>12.39%</u></u>

INDUSTRY RISK PREMIUM MODELS

Using Financial Strength and Bond Rates

	ValueLine Financial Strength	Industry to Market Bond Rates
Market Risk Premium	7.19%	6.47%
Add: Risk-Free Rate	<u>5.11%</u>	<u>5.11%</u>
Overall Market Rate	<u>12.30%</u>	<u>11.58%</u>
Industry Average Financial Strength B+	4.50	
Market Average Bond Rate Baa		6.60%
Industry Risk Factor (See Page 4 for calculation formula)	<u>1.035</u>	<u>-0.21%</u>
Cost of Equity Rate - Risk Premium	<u><u>12.73%</u></u>	<u><u>11.38%</u></u>

ELECTRIC UTILITIES

File: ELECTRIC.XLS

01-Mar-04

Discount or "Cost of Capital" Rates For Discounting and "Yield Capitalization" Only

FOR: January 1, 2004

Company Name	Bond Rating	Bond Rate	Fin'l Strgth	Beta	Price	Proj. Earnings Growth	Proj. Dividend Growth	Current Div	D.G.M. Rate
Cinergy Corp.	Baa2	6.61%	A	0.80	38.07	3.50	2.00	1.88	7.96%
DPL Inc.	Ba1	7.33%	B	0.85	19.90	1.50	1.50	0.96	7.84%
Empire Dist. Elec.	Baa	6.61%	B+	0.65	21.50	6.00		1.28	9.00%
IDACORP Inc.	A2	6.27%	B+	0.80	30.50			1.20	6.92%
OGE Energy			B++	0.65	23.26	4.50		1.33	8.76%
Puget Energy Inc.	Baa2	6.61%	B+	0.70	23.63	4.50		1.00	7.23%
Mean	Ba1	6.69%	B	0.74		4.00	1.75		7.95%
Industry Growth Rate (used for DGM Rate)					2.88%				

CAPITAL ASSET PRICING MODEL (Realized Returns)

Market Risk Premium	7.19%
Industry Beta (Risk Factor)	<u>0.74</u>
Industry Risk Premium	5.33%
Add: Risk-Free Rate	<u>5.11%</u>
Cost of Equity Rate - CAPM	<u><u>10.44%</u></u>

INDUSTRY RISK PREMIUM MODELS

Using Financial Strength and Bond Rates

	ValueLine Financial Strength	Industry to Market Bond Rates
Market Risk Premium	<u>7.19%</u>	<u>6.47%</u>
Add: Risk-Free Rate	<u>5.11%</u>	<u>5.11%</u>
Overall Market Rate	<u>12.30%</u>	<u>11.58%</u>
Industry Average Financial Strength B	5.33	
Market Average Bond Rate Baa		6.60%
Industry Risk Factor (See Page 4 for calculation formula)	<u>0.999</u>	<u>0.09%</u>
Cost of Equity Rate - Risk Premium	<u><u>12.28%</u></u>	<u><u>11.67%</u></u>

GAS UTILITIES

File: GASUTIL.XLS

01-Mar-04

Discount or "Cost of Capital" Rates For Discounting and "Yield Capitalization" Only

FOR: January 1, 2004

Company Name	Bond Rating	Bond Rate	Fin'l Strgth	Beta	Price	Proj. Earnings Growth	Proj. Dividend Growth	Current Div	D.G.M. Rate
AGL Resources	Baa2	6.61%	B++	0.75	28.91	6.50		1.12	8.38%
Atmos Energy	A3	6.27%	B+	0.65	24.62	7.00	2.00	1.22	9.50%
Cascade Natural Gas	Baa1	6.61%	B	0.70	22.09	4.50		0.96	8.87%
Laclede Group	A3	6.27%	B+	0.70	28.88	5.00		1.34	9.17%
NICOR Inc.			A	1.00	32.62		3.00	1.86	10.28%
Northwest Nat. Gas	A2	6.27%	B++	0.60	30.55	5.00	1.50	1.30	8.77%
Peoples Energy	A3	6.27%	A	0.75	41.63	4.00	1.50	2.12	9.65%
Questar Corp.	A2	6.27%	B++	0.80	35.97	7.50	5.00	0.82	6.71%
Southwest Gas	Baa2	6.61%	B	0.75	23.00	10.50	1.50	0.82	8.05%
Mean	Baa1	6.40%	B++	0.74		6.25	2.42		8.82%
Industry Growth Rate (used for DGM Rate)					4.33%				

CAPITAL ASSET PRICING MODEL (Realized Returns)

Market Risk Premium	7.19%
Industry Beta (Risk Factor)	<u>0.74</u>
Industry Risk Premium	5.35%
Add: Risk-Free Rate	<u>5.11%</u>
Cost of Equity Rate - CAPM	<u><u>10.46%</u></u>

INDUSTRY RISK PREMIUM MODELS

Using Financial Strength and Bond Rates

	ValueLine Financial Strength	Industry to Market Bond Rates
Market Risk Premium	<u>7.19%</u>	<u>6.47%</u>
Add: Risk-Free Rate	<u>5.11%</u>	<u>5.11%</u>
Overall Market Rate	<u>12.30%</u>	<u>11.58%</u>
Industry Average Financial Strength B++	5.56	
Market Average Bond Rate Baa		6.60%
Industry Risk Factor (See Page 4 for calculation formula)	<u>0.991</u>	<u>-0.20%</u>
Cost of Equity Rate - Risk Premium	<u><u>12.19%</u></u>	<u><u>11.38%</u></u>

GAS PIPELINES

File: GASPIPE.XLS

01-Mar-04

Discount or "Cost of Capital" Rates For Discounting and "Yield Capitalization" Only

FOR: January 1, 2004

Company Name	Bond Rating	Bond Rate	Fin'l Strgth	Beta	Price	Proj. Earnings Growth	Proj. Dividend Growth	Current Div	D.G.M. Rate
Equitable Resources	A2	6.27%	B+	0.70	43.01	12.00		1.20	9.96%
Kinder Morgan	Baa2	6.61%	B+	0.80	59.19			1.60	9.86%
Kinder Morgan Energy	Baa1	6.61%	B+	0.65	46.44	11.50	11.00	2.64	13.05%
National Fuel Gas	A3	6.27%	B++	0.75	24.76	4.00	3.50	1.10	11.72%
Northern Border Partners LP	Baa2	6.61%	B++	0.50	39.15	5.67			
ONEOK Inc.	Baa1	6.61%	B+	0.85	22.06	8.50	3.50	0.72	10.46%
Questar Corp.	A2	6.27%	B++	0.80	35.97	7.50	5.00	0.82	9.41%
Mean	Baa	6.46%	B+	0.72		8.20	5.75		10.74%
Industry Growth Rate (used for DGM Rate)					6.97%				

CAPITAL ASSET PRICING MODEL (Realized Returns)

Market Risk Premium	7.19%
Industry Beta (Risk Factor)	<u>0.72</u>
Industry Risk Premium	5.19%
Add: Risk-Free Rate	<u>5.11%</u>
Cost of Equity Rate - CAPM	<u><u>10.30%</u></u>

INDUSTRY RISK PREMIUM MODELS

Using Financial Strength and Bond Rates

	ValueLine Financial Strength	Industry to Market Bond Rates
Market Risk Premium	7.19%	6.47%
Add: Risk-Free Rate	<u>5.11%</u>	<u>5.11%</u>
Overall Market Rate	12.30%	11.58%
Industry Average Financial Strength B+	5.43	
Market Average Bond Rate Baa		6.60%
Industry Risk Factor (See Page 4 for calculation formula)	<u>0.995</u>	<u>-0.14%</u>
Cost of Equity Rate - Risk Premium	<u><u>12.24%</u></u>	<u><u>11.44%</u></u>

LIQUID PIPELINES

File: PETROLIN.XLS

01-Mar-04

Discount or "Cost of Capital" Rates For Discounting and "Yield Capitalization" Only

FOR: January 1, 2004

Company Name	Bond Rating	Bond Rate	Fin'l Strgth	Beta	Price	Proj. Earnings Growth	Proj. Dividend Growth	Current Div	D.G.M. Rate
Buckeye Partners L.P.	Baa2	6.61%	B+	0.60	41.20	6.00	1.50	2.59	13.42%
Kaneb Pipe Line Part	Ba1	7.33%	B++	0.55	51.80	5.00			
Kinder Morgan Energy	Baa1	6.61%	B+	0.65	46.44	11.50	11.00	2.64	12.77%
TEPPCO Partners L.P.	Baa3	6.61%	B	0.60	39.20	6.50	6.00	2.65	13.92%
Mean	Baa	6.79%	B+	0.60		7.25	6.17		13.37%
Industry Growth Rate (used for DGM Rate)					6.71%				

CAPITAL ASSET PRICING MODEL (Realized Returns)

Market Risk Premium	7.19%
Industry Beta (Risk Factor)	0.60
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Industry Risk Premium	4.31%
Add: Risk-Free Rate	5.11%
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Cost of Equity Rate - CAPM	9.42%
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INDUSTRY RISK PREMIUM MODELS

Using Financial Strength and Bond Rates

	ValueLine Financial Strength	Industry to Market Bond Rates
Market Risk Premium	7.19%	6.47%
Add: Risk-Free Rate	5.11%	5.11%
Overall Market Rate	12.30%	11.58%
Industry Average Financial Strength B+	5.00	
Market Average Bond Rate Baa		6.60%
Industry Risk Factor (See Page 4 for calculation formula)	1.012	0.19%
Cost of Equity Rate - Risk Premium	12.44%	11.77%
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RAILROADS

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01-Mar-04

Discount or "Cost of Capital" Rates For Discounting and "Yield Capitalization" Only

FOR: January 1, 2004

Company Name	Bond Rating	Bond Rate	Fin'l Strgth	Beta	Price	Proj. Earnings Growth	Proj. Dividend Growth	Current Div	D.G.M. Rate
Burlington Northern	Baa	6.60%	B+	0.90	31.72	7.50	7.50	0.60	10.68%
CSX Corp.	Baa2	6.60%	B++	1.00	34.68			0.40	9.88%
Kansas City South'n	Ba3	8.45%	B+	1.10	14.46				
Norfolk Southern	Baa1	6.60%	B	1.05	23.13			0.32	10.13%
Union Pacific	Baa2	6.60%	B+	0.90	67.14	8.50	11.00	1.20	10.57%
Mean	Baa	6.97%	B+	0.99		8.00	9.25		10.32%
Industry Growth Rate (used for DGM Rate)					8.63%				

CAPITAL ASSET PRICING MODEL (Realized Returns)

Market Risk Premium	7.19%
Industry Beta (Risk Factor)	<u>0.99</u>
Industry Risk Premium	7.12%
Add: Risk-Free Rate	<u>5.11%</u>
Cost of Equity Rate - CAPM	<u><u>12.23%</u></u>

INDUSTRY RISK PREMIUM MODELS

Using Financial Strength and Bond Rates

	ValueLine Financial Strength	Industry to Market Bond Rates
Market Risk Premium	<u>7.19%</u>	<u>6.47%</u>
Add: Risk-Free Rate	<u>5.11%</u>	<u>5.11%</u>
Overall Market Rate	12.30%	11.58%
Industry Average Financial Strength B+	5.00	
Market Average Bond Rate Baa		6.60%
Industry Risk Factor (See Page 4 for calculation formula)	<u>1.012</u>	<u>0.37%</u>
Cost of Equity Rate - Risk Premium	<u><u>12.44%</u></u>	<u><u>11.95%</u></u>

TELECOMMUNICATIONS I

File: TELECOM1.XLS

01-Mar-04

Discount or "Cost of Capital" Rates For Discounting and "Yield Capitalization" Only

FOR: January 1, 2004

Company Name	Bond Rating	Bond Rate	Fin'l Strgth	Beta	Price	Proj. Earnings Growth	Proj. Dividend Growth	Current Div	D.G.M. Rate
AT&T Corp.	Baa2	6.60%	B+		20.89			1.00	11.53%
ALLTEL Corp.	A2	6.19%	A	1.00	48.01	8.50	3.00	1.48	9.72%
BellSouth Corp.	Aa3	6.18%	A+	0.95	28.91	6.00	6.50	1.00	10.12%
CenturyTel Inc.	Baa2	6.60%	B++	1.10	32.00	12.50	12.00	0.24	7.24%
Citizens Communic.	Baa2	6.61%	B	1.00	12.11				
SBC Communications	A1	6.27%	A+	1.05	26.22		3.00	1.17	11.19%
Sprint Corp.	Baa3	6.60%	B	1.05	18.19	4.50		0.50	9.36%
Verizon Communic.	Aa	6.18%	A+	1.00	36.30		0.50	1.54	10.95%
Mean	Baa	6.40%	B++	1.02		7.88	5.00		10.02%
Industry Growth Rate (used for DGM Rate)					6.44%				

CAPITAL ASSET PRICING MODEL (Realized Returns)

Market Risk Premium	7.19%
Industry Beta (Risk Factor)	<u>1.02</u>
Industry Risk Premium	7.34%
Add: Risk-Free Rate	<u>5.11%</u>
Cost of Equity Rate - CAPM	<u><u>12.45%</u></u>

INDUSTRY RISK PREMIUM MODELS

Using Financial Strength and Bond Rates

	ValueLine Financial Strength	Industry to Market Bond Rates
Market Risk Premium	7.19%	6.47%
Add: Risk-Free Rate	<u>5.11%</u>	<u>5.11%</u>
Overall Market Rate	<u>12.30%</u>	<u>11.58%</u>
Industry Average Financial Strength B++	6.25	
Market Average Bond Rate Baa		6.60%
Industry Risk Factor (See Page 4 for calculation formula)	<u>0.973</u>	<u>-0.20%</u>
Cost of Equity Rate - Risk Premium	<u><u>11.96%</u></u>	<u><u>11.38%</u></u>

TELECOMMUNICATIONS II

File: TELECOM2.XLS

01-Mar-04

Discount or "Cost of Capital" Rates For Discounting and "Yield Capitalization" Only

FOR: January 1, 2004

Company Name	Bond Rating	Bond Rate	Fin'l Strgth	Beta	Price	Proj. Earnings Growth	Proj. Dividend Growth	Current Div	D.G.M. Rate
Cincinnati Bell	Ba2	8.20%	C	1.60	5.55				
Level 3 Communic.	Caa2	16.15%	C	1.65	6.75				
Pac-West Telecom Inc	Ca	19.75%	C	1.25	2.41				
Qwest Communic.	Caa1	12.30%	C+	1.75	4.20				
Time Warner Telecom Inc	B3	11.25%	C+	2.25	11.17	20.45			
US LEC Corp.			C++	1.20	7.66				
Mean	Caa1	13.53%	C+	1.62		NMF	NMF		NMF
Industry Growth Rate (used for DGM Rate)					NMF				

CAPITAL ASSET PRICING MODEL (Realized Returns)

Market Risk Premium	7.19%
Industry Beta (Risk Factor)	<u>1.62</u>
Industry Risk Premium	11.62%
Add: Risk-Free Rate	<u>5.11%</u>
Cost of Equity Rate - CAPM	<u><u>16.73%</u></u>

INDUSTRY RISK PREMIUM MODELS

Using Financial Strength and Bond Rates

	ValueLine Financial Strength	Industry to Market Bond Rates
Market Risk Premium	7.19%	6.47%
Add: Risk-Free Rate	<u>5.11%</u>	<u>5.11%</u>
Overall Market Rate	12.30%	11.58%
Industry Average Financial Strength C+	1.67	
Market Average Bond Rate Baa		6.60%
Industry Risk Factor (See Page 4 for calculation formula)	<u>1.324</u>	<u>6.93%</u>
Cost of Equity Rate - Risk Premium	<u><u>16.29%</u></u>	<u><u>18.51%</u></u>

WIRELESS COMMUNICATIONS

File: WIRELESS.XLS

01-Mar-04

Discount or "Cost of Capital" Rates For Discounting and "Yield Capitalization" Only

FOR: January 1, 2004

Company Name	Bond Rating	Bond Rate	Fin'l Strgth	Beta	Price	Proj. Earnings Growth	Proj. Dividend Growth	Current Div	D.G.M. Rate
AT&T Wireless Serv.	Baa2	6.60%	B	1.45	8.36				
Nextel Communic. 'A'	B2	9.80%	B	1.80	28.42				
Sprint PCS Group	Baa3	6.60%	C+	1.65	6.15				
U.S. Cellular			B	1.05	37.25	1.00			
Western Wireless 'A'	Caa2	16.15%	C	1.30	21.20				
Mean	B2	9.79%	C++	1.45		1.00	NMF		NMF
Industry Growth Rate (used for DGM Rate)				NMF					

CAPITAL ASSET PRICING MODEL (Realized Returns)

Market Risk Premium	7.19%
Industry Beta (Risk Factor)	<u>1.45</u>
Industry Risk Premium	10.43%
Add: Risk-Free Rate	<u>5.11%</u>
Cost of Equity Rate - CAPM	<u><u>15.54%</u></u>

INDUSTRY RISK PREMIUM MODELS

Using Financial Strength and Bond Rates

	ValueLine Financial Strength	Industry to Market Bond Rates
Market Risk Premium	<u>7.19%</u>	<u>6.47%</u>
Add: Risk-Free Rate	<u>5.11%</u>	<u>5.11%</u>
Overall Market Rate	<u>12.30%</u>	<u>11.58%</u>
Industry Average Financial Strength C++	3.00	
Market Average Bond Rate Baa		6.60%
Industry Risk Factor (See Page 4 for calculation formula)	<u>1.145</u>	<u>3.19%</u>
Cost of Equity Rate - Risk Premium	<u><u>14.08%</u></u>	<u><u>14.77%</u></u>

CAPITALIZATION RATE STUDY

CAPITAL STRUCTURES

**UTAH STATE TAX COMMISSION
PROPERTY TAX DIVISION**

MAJOR AIRLINES

File: AIRMAJOR.XLS

01-Mar-04

Capital Structure at Market Value

FOR: January 1, 2004

Company Name	Total Debt (000,000)	Debt Due in 5 yrs (000,000)	Long-Term Debt (000,000)	Long-Term Interest (000,000)	Preferred Stock (000,000)
AMR Corp.	13905.0	4150.0	13167.0	68.3	
Cont'l Airlines	6145.0	2939.0	5602.0	350.0	
Delta Air Lines	12543.0	3303.0	11514.0	650.0	271.0
Northwest Airlines 'A'	7848.0	4000.0	7113.0	453.0	817.0
Southwest Airlines	1656.0	1150.0	1525.0	70.0	
UAL Corp.					
Mean	8419.4	3108.4	7784.2	318.3	544.0
Weighted or Total	42097.0	15542.0	38921.0	1591.3	1088.0

Company Name	Preferred Dividends (000,000)	Common Shares Outstdng	Recent Price	Tax Rate	Market Value of Debt in (000,000) Rate Used = 16.39%
AMR Corp.		159,347,481	12.98		5320.90
Cont'l Airlines		65,751,729	16.74		4053.70
Delta Air Lines		123,434,187	12.13		7268.10
Northwest Airlines 'A'	1.0	85,850,293	12.71		5280.80
Southwest Airlines		787,190,570	15.29	38.92	1103.20
UAL Corp.			1.56		
Mean	1.0	244,314,852		38.92%	4605.34
Weighted or Total	1.0				23026.70

Company Name	Market Value of Pfd Equity in (000,000) Rate Used = 16.39%	Market Value of Cmn Equity (000,000)	Percent Debt	Percent Preferred Equity	Percent Common Equity
AMR Corp.	0.00	2068.30	72.01%	0.00%	27.99%
Cont'l Airlines	0.00	1100.70	78.65%	0.00%	21.35%
Delta Air Lines	0.00	1497.30	82.92%	0.00%	17.08%
Northwest Airlines 'A'	6.10	1091.20	82.79%	0.10%	17.11%
Southwest Airlines	0.00	12036.10	8.40%	0.00%	91.60%
UAL Corp.					
Mean	1.22	3558.72	64.95%	0.02%	35.03%
Weighted or Total	6.10	17793.60	56.40%	0.01%	43.58%

SECONDARY AIRLINES

File: AIREGION.XLS

01-Mar-04

Capital Structure at Market Value

FOR: January 1, 2004

Company Name	Total Debt (000,000)	Debt Due in 5 yrs (000,000)	Long-Term Debt (000,000)	Long-Term Interest (000,000)	Preferred Stock (000,000)
Alaska Air Group	1096.7	335.0	1041.0	46.0	
America West Hldg	807.0		708.7		
Atlantic Coast Airlines	116.3		107.7		
Mesa Air Group	210.6		199.9		
Mesaba Holdings					
Midwest Air Group	83.4	36.1	82.5	5.0	
SkyWest	372.1		348.1		
Mean	447.7	185.6	414.7	25.5	
Weighted or Total	2686.1	371.1	2487.9	51.0	0.0

Company Name	Preferred Dividends (000,000)	Common Shares Outstdng	Recent Price	Tax Rate	Market Value of Debt in (000,000) Rate Used = 11.25%
Alaska Air Group		26,707,579	27.60		747.00
America West Hldg		35,572,444	12.44		304.80
Atlantic Coast Airlines		45,332,685	9.19	38.71	42.40
Mesa Air Group		31,471,333	10.45	38.30	75.40
Mesaba Holdings		20,323,141	8.28	47.71	
Midwest Air Group		15,517,411	4.30		64.70
SkyWest		57,851,792	17.10	39.00	134.70
Mean		33,253,769		40.93%	228.17
Weighted or Total	0.0				1369.00

Company Name	Market Value of Pfd Equity in (000,000) Rate Used = 11.25%	Market Value of Cmn Equity (000,000)	Percent Debt	Percent Preferred Equity	Percent Common Equity
Alaska Air Group	0.00	737.10	50.33%	0.00%	49.67%
America West Hldg	0.00	442.50	40.79%	0.00%	59.21%
Atlantic Coast Airlines	0.00	416.60	9.24%	0.00%	90.76%
Mesa Air Group	0.00	328.90	18.65%	0.00%	81.35%
Mesaba Holdings	0.00	168.30	0.00%	0.00%	100.00%
Midwest Air Group	0.00	66.70	49.24%	0.00%	50.76%
SkyWest	0.00	989.30	11.98%	0.00%	88.02%
Mean	0.00	449.91	25.75%	0.00%	74.25%
Weighted or Total	0.00	3149.40	30.30%	0.00%	69.70%

AIR FREIGHT

File: AIRFREGT.XLS

01-Mar-04

Capital Structure at Market Value

FOR: January 1, 2004

Company Name	Total Debt (000,000)	Debt Due in 5 yrs (000,000)	Long-Term Debt (000,000)	Long-Term Interest (000,000)	Preferred Stock (000,000)
AirNet Systems Inc	35.2		30.0		
AirTran Hldgs Inc	311.2		265.5		
FedEx Corp.	2095.0	765.0	1815.0	125.0	
United Parcel Serv.	4070.0	2520.0	3425.0	200.0	
Mean	1627.9	1642.5	1383.9	162.5	
Weighted or Total	6511.4	3285.0	5535.5	325.0	0.0

Company Name	Preferred Dividends (000,000)	Common Shares Outstdng	Recent Price	Tax Rate	Market Value of Debt in (000,000) Rate Used = 6.40%
AirNet Systems Inc		10,025,000	4.30	40.09	
AirTran Hldgs Inc		84,128,100	12.69		175.20
FedEx Corp.		298,293,433	68.88	37.97	2148.60
United Parcel Serv.		1,124,243,281	71.82	37.82	3980.10
Mean		379,172,454		38.63%	2101.30
Weighted or Total	0.0				6303.90

Company Name	Market Value of Pfd Equity in (000,000) Rate Used = 6.40%	Market Value of Cmn Equity (000,000)	Percent Debt	Percent Preferred Equity	Percent Common Equity
AirNet Systems Inc					
AirTran Hldgs Inc	0.00	1067.60	14.10%	0.00%	85.90%
FedEx Corp.	0.00	20546.50	9.47%	0.00%	90.53%
United Parcel Serv.	0.00	80743.20	4.70%	0.00%	95.30%
Mean	0.00	34119.10	9.42%	0.00%	90.58%
Weighted or Total	0.00	102357.30	5.80%	0.00%	94.20%

ELECTRIC UTILITIES

File: ELECTRIC.XLS

01-Mar-04

Capital Structure at Market Value

FOR: January 1, 2004

Company Name	Total Debt (000,000)	Debt Due in 5 yrs (000,000)	Long-Term Debt (000,000)	Long-Term Interest (000,000)	Preferred Stock (000,000)
Cinergy Corp.	5579.9	3193.5	4129.9	226.6	62.8
DPL Inc.	2903.9	1001.0	1946.8	161.7	22.9
Empire Dist. Elec.	468.4	130.2	348.6	26.9	
IDACORP Inc.	1105.6	398.4	923.7	58.2	52.6
OGE Energy	1598.6	322.0	1440.8	89.3	
Puget Energy Inc.	2610.3	836.4	2287.3	161.3	95.6
Mean	2377.8	980.3	1846.2	120.7	58.5
Weighted or Total	14266.7	5881.5	11077.1	724.0	233.9

Company Name	Preferred Dividends (000,000)	Common Shares Outstdng	Recent Price	Tax Rate	Market Value of Debt in (000,000) Rate Used = 6.69%
Cinergy Corp.	3.4	178,070,206	38.07	30.18	5320.80
DPL Inc.	0.9	126,501,404	19.90	36.56	3125.50
Empire Dist. Elec.		22,894,296	21.50	34.27	493.50
IDACORP Inc.	4.1	38,196,287	30.50		1084.00
OGE Energy		86,917,173	23.26	36.43	1552.10
Puget Energy Inc.	7.2	94,031,408	23.63	32.68	2661.50
Mean	3.9	91,101,796		34.02%	2372.90
Weighted or Total	15.6				14237.40

Company Name	Market Value of Pfd Equity in (000,000) Rate Used = 6.69%	Market Value of Cmn Equity (000,000)	Percent Debt	Percent Preferred Equity	Percent Common Equity
Cinergy Corp.	50.90	6779.10	43.79%	0.42%	55.79%
DPL Inc.	13.50	2517.40	55.26%	0.24%	44.51%
Empire Dist. Elec.	0.00	492.20	50.07%	0.00%	49.93%
IDACORP Inc.	61.30	1165.00	46.92%	2.65%	50.43%
OGE Energy	0.00	2021.70	43.43%	0.00%	56.57%
Puget Energy Inc.	107.70	2222.00	53.32%	2.16%	44.52%
Mean	38.90	2532.90	48.80%	0.91%	50.29%
Weighted or Total	233.40	15197.40	47.99%	0.79%	51.22%

GAS UTILITIES

File: GASUTIL.XLS

01-Mar-04

Capital Structure at Market Value

FOR: January 1, 2004

Company Name	Total Debt (000,000)	Debt Due in 5 yrs (000,000)	Long-Term Debt (000,000)	Long-Term Interest (000,000)	Preferred Stock (000,000)
AGL Resources	1257.4	504.1	1130.2	65.0	
Atmos Energy	874.7	230.0	864.3	50.0	
Cascade Natural Gas	164.9	45.0	164.9	10.0	
Laclede Group	522.8	330.0	304.6	24.3	1.3
NICOR Inc.	1086.7	690.0	396.7	43.0	1.7
Northwest Nat. Gas	543.7	165.0	450.8	32.0	
Peoples Energy	896.3	610.0	744.3	57.0	
Questar Corp.	1044.7	430.0	1005.2	70.0	
Southwest Gas	1111.2	505.0	1104.1	82.0	
Mean	833.6	389.9	685.0	48.1	1.5
Weighted or Total	7502.4	3509.1	6165.1	433.3	3.0

Company Name	Preferred Dividends (000,000)	Common Shares Outstndg	Recent Price	Tax Rate	Market Value of Debt in (000,000) Rate Used = 6.40%
AGL Resources		64,266,376	28.91	36.03	1215.80
Atmos Energy		51,279,963	24.62	37.10	842.60
Cascade Natural Gas		11,132,000	22.09	34.93	161.60
Laclede Group	0.1	19,114,458	28.88	35.00	549.50
NICOR Inc.	0.1	44,034,086	32.62	31.03	1214.00
Northwest Nat. Gas		25,858,818	30.55	34.87	564.20
Peoples Energy		36,666,025	41.63	34.21	937.70
Questar Corp.		83,043,728	35.97	34.10	1075.70
Southwest Gas		34,035,635	23.00	32.76	1169.90
Mean	0.1	41,047,899		34.45%	859.00
Weighted or Total	0.2				7731.00

Company Name	Market Value of Pfd Equity in (000,000) Rate Used = 6.40%	Market Value of Cmn Equity (000,000)	Percent Debt	Percent Preferred Equity	Percent Common Equity
AGL Resources	0.00	1857.90	39.55%	0.00%	60.45%
Atmos Energy	0.00	1262.50	40.03%	0.00%	59.97%
Cascade Natural Gas	0.00	245.90	39.66%	0.00%	60.34%
Laclede Group	1.10	552.00	49.84%	0.10%	50.06%
NICOR Inc.	1.60	1436.40	45.78%	0.06%	54.16%
Northwest Nat. Gas	0.00	790.00	41.66%	0.00%	58.34%
Peoples Energy	0.00	1526.40	38.05%	0.00%	61.95%
Questar Corp.	0.00	2987.10	26.48%	0.00%	73.52%
Southwest Gas	0.00	782.80	59.91%	0.00%	40.09%
Mean	0.30	1271.22	42.33%	0.02%	57.65%
Weighted or Total	2.70	11441.00	40.32%	0.01%	59.67%

GAS PIPELINES

File: GASPIPE.XLS

01-Mar-04

Capital Structure at Market Value

FOR: January 1, 2004

Company Name	Total Debt (000,000)	Debt Due in 5 yrs (000,000)	Long-Term Debt (000,000)	Long-Term Interest (000,000)	Preferred Stock (000,000)
Equitable Resources	653.6	190.0	632.3	48.0	
Kinder Morgan	3411.7	915.0	3215.6	170.0	
Kinder Morgan Energy	3942.0	715.0	3855.8	190.0	
National Fuel Gas	1507.7	675.0	1147.8	100.0	
Northern Border Partners LP	1398.3		1365.6		
ONEOK Inc.	2067.4	921.8	1894.1	110.0	134.0
Questar Corp.	1044.7	430.0	1005.2	70.0	
Mean	2003.6	641.1	1873.8	114.7	134.0
Weighted or Total	14025.4	3846.8	13116.4	688.0	134.0

Company Name	Preferred Dividends (000,000)	Common Shares Outstdng	Recent Price	Tax Rate	Market Value of Debt in (000,000) Rate Used = 6.46%
Equitable Resources		62,257,000	43.01	34.00	696.30
Kinder Morgan		123,232,365	59.19	40.81	3177.60
Kinder Morgan Energy		187,813,000	46.44		3559.30
National Fuel Gas		81,438,290	24.76	37.58	1661.30
Northern Border Partners LP		46,397,000	39.15		753.00
ONEOK Inc.	24.2	81,271,122	22.06	46.30	2000.20
Questar Corp.		83,043,728	35.97	34.10	1072.00
Mean	24.2	95,064,644		38.56%	1845.67
Weighted or Total	24.2				12919.70

Company Name	Market Value of Pfd Equity in (000,000) Rate Used = 6.46%	Market Value of Cmn Equity (000,000)	Percent Debt	Percent Preferred Equity	Percent Common Equity
Equitable Resources	0.00	2677.70	20.64%	0.00%	79.36%
Kinder Morgan	0.00	7294.10	30.34%	0.00%	69.66%
Kinder Morgan Energy	0.00	8722.00	28.98%	0.00%	71.02%
National Fuel Gas	0.00	2016.40	45.17%	0.00%	54.83%
Northern Border Partners LP	0.00	1816.40	29.31%	0.00%	70.69%
ONEOK Inc.	374.40	1792.80	48.00%	8.98%	43.02%
Questar Corp.	0.00	2987.10	26.41%	0.00%	73.59%
Mean	53.49	3900.93	32.69%	1.28%	66.02%
Weighted or Total	374.40	27306.50	31.82%	0.92%	67.26%

LIQUID PIPELINES

File: PETROLIN.XLS

01-Mar-04

Capital Structure at Market Value

FOR: January 1, 2004

Company Name	Total Debt (000,000)	Debt Due in 5 yrs (000,000)	Long-Term Debt (000,000)	Long-Term Interest (000,000)	Preferred Stock (000,000)
Buckeye Partners L.P.	450.0	150.0	450.0	24.0	
Kaneb Pipe Line Part	607.0		579.9		
Kinder Morgan Energy	3942.0	715.0	3855.8	190.0	
TEPPCO Partners L.P.	1360.6	432.0	1360.6	80.0	
Mean	1589.9	432.3	1561.6	98.0	
Weighted or Total	6359.6	1297.0	6246.3	294.0	0.0

Company Name	Preferred Dividends (000,000)	Common Shares Outstdng	Recent Price	Tax Rate	Market Value of Debt in (000,000) Rate Used = 6.79%
Buckeye Partners L.P.		28,956,560	41.20		413.30
Kaneb Pipe Line Part		28,317,590	51.80	6.29	319.50
Kinder Morgan Energy		187,813,000	46.44	2.45	3484.90
TEPPCO Partners L.P.		62,998,554	39.20		1290.30
Mean		77,021,426		38.50%	1377.00
Weighted or Total	0.0				5508.00

Company Name	Market Value of Pfd Equity in (000,000) Rate Used = 6.79%	Market Value of Cmn Equity (000,000)	Percent Debt	Percent Preferred Equity	Percent Common Equity
Buckeye Partners L.P.	0.00	1193.00	25.73%	0.00%	74.27%
Kaneb Pipe Line Part	0.00	1466.90	17.89%	0.00%	82.11%
Kinder Morgan Energy	0.00	8722.00	28.55%	0.00%	71.45%
TEPPCO Partners L.P.	0.00	2469.50	34.32%	0.00%	65.68%
Mean	0.00	3462.85	26.62%	0.00%	73.38%
Weighted or Total	0.00	13851.40	28.45%	0.00%	71.55%

RAILROADS

File: RAIL.XLS

01-Mar-04

Capital Structure at Market Value

FOR: January 1, 2004

Company Name	Total Debt (000,000)	Debt Due in 5 yrs (000,000)	Long-Term Debt (000,000)	Long-Term Interest (000,000)	Preferred Stock (000,000)
Burlington Northern	6969.0	2110.0	6826.0	410.0	
CSX Corp.	7784.0	3338.0	6480.0	390.0	
Kansas City South'n	578.7	110.0	568.7	40.0	199.5
Norfolk Southern	7186.0	2155.0	6823.0	460.0	
Union Pacific	8220.0	3070.0	8058.0	550.0	500.0
Mean	6147.5	2156.6	5751.1	370.0	349.8
Weighted or Total	30737.7	10783.0	28755.7	1850.0	699.5

Company Name	Preferred Dividends (000,000)	Common Shares Outstdng	Recent Price	Tax Rate	Market Value of Debt in (000,000) Rate Used = 6.97%
Burlington Northern		371,220,104	31.72	37.50	6589.90
CSX Corp.		214,018,692	34.68	35.41	7435.70
Kansas City South'n	8.4	62,074,579	14.46		581.00
Norfolk Southern		390,419,172	23.13	34.84	7094.60
Union Pacific	31.3	255,181,800	67.14	37.33	8156.60
Mean	19.8	258,582,869		36.27%	5971.56
Weighted or Total	39.7				29857.80

Company Name	Market Value of Pfd Equity in (000,000) Rate Used = 6.97%	Market Value of Cmn Equity (000,000)	Percent Debt	Percent Preferred Equity	Percent Common Equity
Burlington Northern	0.00	11775.10	35.88%	0.00%	64.12%
CSX Corp.	0.00	7422.20	50.05%	0.00%	49.95%
Kansas City South'n	120.50	897.60	36.33%	7.54%	56.13%
Norfolk Southern	0.00	9030.40	44.00%	0.00%	56.00%
Union Pacific	448.40	17132.90	31.69%	1.74%	66.57%
Mean	113.78	9251.64	39.59%	1.86%	58.55%
Weighted or Total	568.90	46258.20	38.94%	0.74%	60.32%

TELECOMMUNICATIONS I

File: TELECOM1.XLS

01-Mar-04

Capital Structure at Market Value

FOR: January 1, 2004

Company Name	Total Debt (000,000)	Debt Due in 5 yrs (000,000)	Long-Term Debt (000,000)	Long-Term Interest (000,000)	Preferred Stock (000,000)
AT&T Corp.	17406.0	6825.0	12759.0	750.0	
ALLTEL Corp.	5893.9	2350.0	5619.5	395.0	0.4
BellSouth Corp.	14993.0	6200.0	11646.0	760.0	
CenturyTel Inc.	3235.0	900.0	3119.0	195.0	8.0
Citizens Communic.	4392.7	1000.0	4302.9	375.0	201.3
SBC Communications	18257.0	9000.0	16357.0	1250.0	
Sprint Corp.	2831.0	1335.0	2789.0	170.0	
Verizon Communic.	45460.0	31488.0	37961.0	2215.0	
Mean	14058.6	7387.3	11819.2	763.8	69.9
Weighted or Total	112468.6	59098.0	94553.4	6110.0	209.7

Company Name	Preferred Dividends (000,000)	Common Shares Outstndg	Recent Price	Tax Rate	Market Value of Debt in (000,000) Rate Used = 6.40%
AT&T Corp.		789,873,024	20.89		16974.10
ALLTEL Corp.	0.03	312,068,829	48.01	36.84	6088.40
BellSouth Corp.		1,848,116,955	28.91	41.95	15079.80
CenturyTel Inc.	0.40	144,205,973	32.00	35.28	3206.30
Citizens Communic.	6.20	284,436,272	12.11		5014.80
SBC Communications		3,310,700,000	26.22	33.00	19318.00
Sprint Corp.		903,949,604	18.19		2787.10
Verizon Communic.		2,761,550,374	36.30	30.48	44524.10
Mean	2.21	1,294,362,629		35.51%	14124.08
Weighted or Total	6.63				112992.60

Company Name	Market Value of Pfd Equity in (000,000) Rate Used = 6.40%	Market Value of Cmn Equity (000,000)	Percent Debt	Percent Preferred Equity	Percent Common Equity
AT&T Corp.	0.00	16500.40	50.71%	0.00%	49.29%
ALLTEL Corp.	0.50	14982.40	28.90%	0.00%	71.10%
BellSouth Corp.	0.00	53429.10	22.01%	0.00%	77.99%
CenturyTel Inc.	6.20	4614.60	40.96%	0.08%	58.96%
Citizens Communic.	96.80	3444.50	58.60%	1.14%	40.26%
SBC Communications	0.00	86806.60	18.20%	0.00%	81.80%
Sprint Corp.	0.00	16442.80	14.49%	0.00%	85.51%
Verizon Communic.	0.00	100244.30	30.76%	0.00%	69.24%
Mean	12.94	37058.09	33.08%	0.15%	66.77%
Weighted or Total	103.50	296464.70	27.58%	0.03%	72.39%

TELECOMMUNICATIONS II

File: TELECOM2.XLS

01-Mar-04

Capital Structure at Market Value

FOR: January 1, 2004

Company Name	Total Debt (000,000)	Debt Due in 5 yrs (000,000)	Long-Term Debt (000,000)	Long-Term Interest (000,000)	Preferred Stock (000,000)
Cincinnati Bell	2343.7	1760.0	2208.0	160.0	129.2
Level 3 Communic.	6090.0	575.0	5340.0	510.0	
Pac-West Telecom Inc	100.0		95.4		
Qwest Communic.	21273.0	10300.0	20242.0	1570.0	
Time Warner Telecom Inc	1210.9		1176.8		
US LEC Corp.	131.8		127.3		241.4
Mean	5191.6	4211.7	4864.9	746.7	185.3
Weighted or Total	31149.4	12635.0	29189.5	2240.0	370.6

Company Name	Preferred Dividends (000,000)	Common Shares Outstdng	Recent Price	Tax Rate	Market Value of Debt in (000,000) Rate Used = 13.53%
Cincinnati Bell	7.0	244,229,002	5.55		1,910.0
Level 3 Communic.		676,971,829	6.75		4,940.2
Pac-West Telecom Inc		36,508,677	2.41		29.6
Qwest Communic.		1,766,172,000	4.20		16654.40
Time Warner Telecom Inc		115,105,754	11.17		351.2
US LEC Corp.		27,269,000	7.66		
Mean	7.0	477,709,377		38.50%	4,777.1
Weighted or Total	7.0				23885.4

Company Name	Market Value of Pfd Equity in (000,000) Rate Used = 13.53%	Market Value of Cmn Equity (000,000)	Percent Debt	Percent Preferred Equity	Percent Common Equity
Cincinnati Bell	51.70	1355.50	57.58%	1.56%	40.86%
Level 3 Communic.	0.00	4569.60	51.95%	0.00%	48.05%
Pac-West Telecom Inc	0.00	88.00	25.17%	0.00%	74.83%
Qwest Communic.	0.00	7417.90	69.18%	0.00%	30.82%
Time Warner Telecom Inc	0.00	1285.70	21.46%	0.00%	78.54%
US LEC Corp.					
Mean	10.34	2943.34	45.07%	0.31%	54.62%
Weighted or Total	51.70	14716.70	61.80%	0.13%	38.07%

WIRELESS COMMUNICATIONS

File: WIRELESS.XLS

01-Mar-04

Capital Structure at Market Value

FOR: January 1, 2004

Company Name	Total Debt (000,000)	Debt Due in 5 yrs (000,000)	Long-Term Debt (000,000)	Long-Term Interest (000,000)	Preferred Stock (000,000)
AT&T Wireless Serv.	10607.0	1700.0	10607.0	800.0	171.0
Nextel Communic. 'A'	12388.0	4040.0	10801.0	750.0	96.0
Sprint PCS Group	16283.0	2975.0	14236.0	1050.0	526.0
U.S. Cellular	1283.2	553.4	813.2	40.5	
Western Wireless 'A'	2376.7	1650.0	2330.6	150.0	
Mean	8587.6	2183.7	7757.6	558.1	264.3
Weighted or Total	42937.9	10918.4	38787.8	2790.5	793.0

Company Name	Preferred Dividends (000,000)	Common Shares Outstdng	Recent Price	Tax Rate	Market Value of Debt in (000,000) Rate Used = 9.79%
AT&T Wireless Serv.	24.0	2,714,479,448	8.36		9271.60
Nextel Communic. 'A'	9.0	1,099,526,950	28.42		10741.80
Sprint PCS Group	16.0	1,035,075,647	6.15		14236.80
U.S. Cellular		86,146,000	37.25	38.83	1055.60
Western Wireless 'A'		91,416,567	21.20		2091.50
Mean	16.3	1,005,328,922		38.83%	7479.46
Weighted or Total	49.0				37397.30

Company Name	Market Value of Pfd Equity in (000,000) Rate Used = 9.79%	Market Value of Cmn Equity (000,000)	Percent Debt	Percent Preferred Equity	Percent Common Equity
AT&T Wireless Serv.	245.20	22693.00	28.79%	0.76%	70.45%
Nextel Communic. 'A'	92.00	31248.60	25.52%	0.22%	74.26%
Sprint PCS Group	163.50	6365.70	68.56%	0.79%	30.65%
U.S. Cellular	0.00	3208.90	24.75%	0.00%	75.25%
Western Wireless 'A'	0.00	1938.00	51.90%	0.00%	48.10%
Mean	100.14	13090.84	39.90%	0.35%	59.74%
Weighted or Total	500.70	65454.20	36.19%	0.48%	63.33%